1. CALL TO ORDER
2. ROLL CALL
3. DECLARATIONS OF INTEREST
4. STATUTORY PUBLIC MEETINGS
5. DELEGATIONS
6. CONSENT AGENDA
7. REGULAR AGENDA
   7.1. Approval for 2020 Operating and Capital Budget
       Note: Staff to provide presentation
7.2.
8. CONFIDENTIAL ITEMS
9. STAFF REMARKS
10. COMMITTEE REMARKS
11. ADJOURNMENT
2020 Proposed Operating Budget

Presented by:
Michael Kirkopoulos / CAO
Dec.11, 2019
Agenda

- Budget Recap
- Council Inquiries
- Tax Levy Scenario
- Next Steps
## Budget Recap

### Capital

<table>
<thead>
<tr>
<th>Project Spending</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Infrastructure</td>
<td>1,804,625</td>
<td>6%</td>
</tr>
<tr>
<td>Environment and Safety</td>
<td>14,748,900</td>
<td>47%</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>3,881,500</td>
<td>12%</td>
</tr>
<tr>
<td>Transportation</td>
<td>9,733,250</td>
<td>31%</td>
</tr>
<tr>
<td>Long-Term Borrowing Charges</td>
<td>1,058,712</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total Spending</strong></td>
<td><strong>31,226,987</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Tax Levy</td>
<td>2,011,969</td>
<td>6%</td>
</tr>
<tr>
<td>Grants and Other</td>
<td>25,000</td>
<td>0%</td>
</tr>
<tr>
<td>Transfers from Reserves</td>
<td>437,750</td>
<td>1%</td>
</tr>
<tr>
<td>Other (donations/sponsorships)</td>
<td>573,250</td>
<td>2%</td>
</tr>
<tr>
<td>Transfers from Reserve Funds</td>
<td>7,929,250</td>
<td>25%</td>
</tr>
<tr>
<td>Transfers from DC Reserve Funds</td>
<td>9,823,203</td>
<td>31%</td>
</tr>
<tr>
<td>Future Long-term Borrowing</td>
<td>10,426,565</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Total Funding Sources</strong></td>
<td><strong>31,226,987</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Funding Gap**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
# Budget Recap

## Water & Wastewater Rates

<table>
<thead>
<tr>
<th></th>
<th>Variable (Usage):</th>
<th></th>
<th>Base (Fixed):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019*</td>
<td>2020*</td>
<td>2019*</td>
</tr>
<tr>
<td>Water Rate</td>
<td>2.102</td>
<td>2.102</td>
<td>14.85</td>
</tr>
<tr>
<td>Wastewater Rate - low season (Sept - May)</td>
<td>2.490</td>
<td>2.490</td>
<td></td>
</tr>
<tr>
<td>Wastewater Rate - high season (June - Aug)</td>
<td>1.868</td>
<td>1.868</td>
<td></td>
</tr>
</tbody>
</table>

**New Model:**
- Variable Rate: no change year-to-year
- Base Charge (fixed): increase year-to-year

*As per 2016 Water & Wastewater Rate Study prepared by Watson & Associates*

* Per cubic metre
Household Yearly Impact

Wastewater

- Wastewater variable (usage): $0
- Base (fixed): $9.60

Water

- Water variable (usage): $0
- Base (fixed): $10.40

**Total = $20.00 increase**

That is $0.05 increase per day for water & wastewater services
2020 Budget Recap

Tentative Budget Commitments, to date:

• Capital budget levy impact ..............1.59%

• Special Infrastructure Levy .............1.5%

Total capital commitment is 3.1%
Levy % & Household Impact
Levy % & Household Impact Considerations

• In Lincoln:
  • 1% increase to the levy is equal to ~$165K
  • When a reduction is made at 1% to the tax levy:
    • That is a reduction in $165,000 from the base budget that accounts for the provision of services & programs
    • However, 1% reduction equates to only a savings of $4.37 on a tax bill

• Therefore, only stating % is not telling and fully indicative and akin to the impact experienced by the taxpayer if cut
  • Rather the focus should be on final dollar impact to a taxpayer & balancing affordability

• Lincoln’s portion only accounts for 1/3 of the overall tax bill
Value of Growth to our Community

• Lincoln’s construction value has doubled since 2017
• While this requires costs to the municipality for long-term infrastructure maintenance & operation, & service delivery, the economic value to the overall community far outweighs these costs
• For instance, across Niagara:
  • New Home Construction Economic Impacts (source: Stats Can & Niagara HBA)
    • 1,863 - New housing starts – a key to economic growth in our community
    • 323 Million in wages – that show up in purchases across the entire local economy
    • 778 Million in built investment value – the largest single wealth-builder for most families
• Lincoln is 29-30% of this construction, therefore:
  • $90M in wages that show up in purchases across the entire local community
  • 200M in building family wealth
Council Inquiries

From Dec. 2, 2019, meeting
Revenue Sources

• Several new/enhanced revenue sources for 2020
  • Burial permits (transfer from private to municipality in 2019)
  • Marriage licenses
  • Civil Ceremonies
  • Parking Enforcement – continued implementation of AMPS
  • Facility Advertising – growth in program
  • New Account Setup Fee (Finance)

• Projections are incremental in 2020, but have long-term potential

• Departments are regularly looking to identify revenue adjustments based on volume
  • We do and can also include fee increases that were approved by Council through the user fee process at anytime during the year if data and analysis dictates doing SO
Long-Term Borrowing – What is falling off in the next 3 years & beyond?

- Typically projects come on to our books 2 years after the project is approved in the respective budget year – approval, issuance, accounting process
- We presented the strong ARL (annual repayment limit) status, the Town of Lincoln experiences inclusive of this year’s program:
  - 4% moving to 6% this year inclusive – as part of that, Councillor inquiry as to what projects falling off long-term borrowing in the next 3 years. We have included a more exhaustive list:
- External Debt Financed Projects falling off:
  - Fairground Rd (complete in 2020)
  - Gibson Rd (complete in 2020)
  - Maple/Spruce (complete in 2020)
  - Victoria Bridge (complete in 2021)
  - Fleming Centre Land (completed in 2023)
  - Drake Ave, Academy Street, Diamond Building & land (20-year debenture – complete in 2039)
  - Fleming Centre construction (complete in 2046)
- Internal Debt Financed Projects falling off:
  - Konkle Creek Land (2021)
  - LED Lights (2021)
  - Oaklawn Columbarium (2024)
  - Mountain St, Red Maple Bridge, Culp Rd (2033)
Affordability

- Lincoln remains one of the most affordable municipalities when considering property taxes as % of household income
- 3rd lowest – property taxes only
- 4th lowest – water/sewer + property taxes

<table>
<thead>
<tr>
<th>2019 Affordability Study</th>
<th>Property Taxes as % of Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Lincoln</td>
<td>3.5%</td>
</tr>
<tr>
<td>Pelham</td>
<td>3.6%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>3.7%</td>
</tr>
<tr>
<td>Grimsby</td>
<td>3.7%</td>
</tr>
<tr>
<td>Niagara-on-the-Lake</td>
<td>3.8%</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>4.0%</td>
</tr>
<tr>
<td>Thorold</td>
<td>4.0%</td>
</tr>
<tr>
<td>Wainfleet</td>
<td>4.2%</td>
</tr>
<tr>
<td>Fort Erie</td>
<td>4.2%</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>4.3%</td>
</tr>
<tr>
<td>Port Colborne</td>
<td>4.3%</td>
</tr>
<tr>
<td>Welland</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019 Affordability Indicators</th>
<th>Water/Sewer + Taxes as a % of Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grimsby</td>
<td>4.1%</td>
</tr>
<tr>
<td>Wainfleet</td>
<td>4.2%</td>
</tr>
<tr>
<td>Pelham</td>
<td>4.2%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>4.5%</td>
</tr>
<tr>
<td>West Lincoln</td>
<td>4.5%</td>
</tr>
<tr>
<td>Niagara-on-the-Lake</td>
<td>4.8%</td>
</tr>
<tr>
<td>Niagara Falls</td>
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</tr>
<tr>
<td>St. Catharines</td>
<td>5.4%</td>
</tr>
<tr>
<td>Fort Erie</td>
<td>6.0%</td>
</tr>
<tr>
<td>Port Colborne</td>
<td>6.1%</td>
</tr>
<tr>
<td>Welland</td>
<td>6.1%</td>
</tr>
</tbody>
</table>
Local Residential Property Taxes, 2018
(per $100,000 assessment)

- This ranking and our standing is not based on income.
- Irrespective of income, and assessment – i.e. 100k, 400k, Lincoln is the 4th lowest, regardless of assessment value you insert into property tax calculator.
Tax Levy Scenario

2020 Proposed
Operating Budget Considerations

- Uncontrollable costs cannot be adjusted without service impacts in some cases

- Only opportunity for reduction was through review of controllable areas and by examining revenue projections. Below are controllable areas always being reviewed:
  - Levels of Service
    - Response times
    - Programs offered
    - Maintenance standards
      - Roads
      - Facilities
      - Park Equipment
      - Town Beautification
  - External Professional services
    - Legal Advice
    - Consulting
  - Professional development and training
  - ABCs
    - Library
    - BIA
    - TVTA
    - Other agreements (service clubs)

- Staff went back and examined revenue projections and areas where we were using students and temporary staffing – (over $350K) was addressed in the budget. Goal to limit service impacts as per Council direction.
Operating Budget Considerations

• Solutions:
  • Departments were required to look at base operating budgets and find reductions if possible, without a reduction to service levels. That is, the same level of service as the prior year but at a lower cost (e.g. lower usage, consumption, use of summer students, different way of doing things, etc.)
    • Constant and always occurring
    • Less summer students in certain areas – without impacting service
  • Strengthened revenue projections
    • Initial projections were conservative
    • Focus for 2020 as identified in previous slide of new revenue opportunities and for current targets was strengthened and increased
2020 Town Operating Budget Breakdown

Operating **budget following council direction to trim sits at:**

- Operating Budget 3.4%
- Capital Levy 1.59%

**Town portion: 5%**

- ABC's - 0.4%
- Special Infrastructure Levy of 1.5% to be put in reserves
### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Taxes Levied</td>
<td>(18,033,487)</td>
</tr>
<tr>
<td>User Fees &amp; Service Charges</td>
<td>(3,194,897)</td>
</tr>
<tr>
<td>Grants</td>
<td>(889,767)</td>
</tr>
<tr>
<td>Taxation- Other</td>
<td>(621,204)</td>
</tr>
<tr>
<td>Fines, Penalties &amp; Interest</td>
<td>(619,563)</td>
</tr>
<tr>
<td>Financial Revenue</td>
<td>(660,815)</td>
</tr>
<tr>
<td>Rate Charges</td>
<td>(9,058,471)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>(33,078,204)</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, Wages &amp; Benefits</td>
<td>13,253,207</td>
</tr>
<tr>
<td>Operational Services &amp; Supplies</td>
<td>10,912,004</td>
</tr>
<tr>
<td>Administrative</td>
<td>1,318,558</td>
</tr>
<tr>
<td>Utilities</td>
<td>777,487</td>
</tr>
<tr>
<td>Equipment, Vehicles, Technology</td>
<td>1,488,872</td>
</tr>
<tr>
<td>Financial Expenditures</td>
<td>176,625</td>
</tr>
<tr>
<td>Long-term Borrowing Charges</td>
<td>12,280</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>27,939,033</strong></td>
</tr>
<tr>
<td>Transfers (Net to Reserves)</td>
<td>3,886,633</td>
</tr>
<tr>
<td>Agencies, Boards, Commissions</td>
<td>1,252,538</td>
</tr>
<tr>
<td><strong>Surplus/ (Deficit)</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
2020 Distribution of Taxes

• A tax bill accounts for three agencies:
  • Town of Lincoln – 37%
  • Niagara Region – 51%
  • Education – 12%

• Therefore, Lincoln only controls 1/3 of your overall tax bill

• Overall blended rate is: 5.6%, with Lincoln’s portion only 2.5% on your overall tax bill

• Therefore, household impact is based on all three agencies & your property assessment (overseen by MPAC)
Value for tax dollar

(overall/total Impact)

Over 90 programs & services:
- Community safety (fire & rescue services, police, EMS)
- Winter operations (snow removal, salting, sanding of roads)
- Waste management services
- Recreation programs (summer camps, swimming lessons, leisure activities, seniors programming)
- Recreation activities (parks, trails, facility maintenance)
- Community beautification (grass cutting, trees, flowers, boulevards)
- Public transit (uLinc)
- Parks (park & facility maintenance)
- Community events
- Museum & cultural services
- Library services
- By-law services

An avg. assessed home in Lincoln is $388,000, therefore the avg. impact to the taxpayer is:

- Year: $262.32
- Month: $21.86
- Week: $5.04
- Day: $0.72

OR

Approximately 2 coffees per week
Value for Tax Dollar

- Capital Levy & Infrastructure Levy: 17 cents
- Agency, Boards, Commissions: 7 cents
- Legislative & Administration (Council, CAO, HR, Communications, Clerks, Finance, IT): 9 cents
- Fire: 12 cents
- Planning & Municipal Enforcement: 5 cents
- Economic Development & Tourism: 3 cents
- Parks, Facilities, Recreation & Culture: 24 cents
- Public Works, Roads & Infrastructure: 23 cents

Based on proposed 2020 budget
Next Steps

- Ratification on Dec. 16, 2019
- Budget communications rollout
MOTION

WHEREAS the Council of the Town of Lincoln has evaluated the operational requirements for the Town of Lincoln to ensure the efficient delivery of municipal services to the ratepayers of the Town of Lincoln;

NOW THEREFORE BE IT RESOLVED THAT the 2020 Capital Budget Expenditures of $31,226,987 be approved;

AND FURTHER THAT the 2020 Operating Budget be approved with a tax levy requirement of $18,033,487 for local municipal purposes;

AND FURTHER THAT the Council of the Town of Lincoln direct staff to prepare the annual taxation levying by-law as required by the Municipal Act, 2001, upon the setting of the tax ratios and requisition amounts by the Regional Municipality of Niagara and other applicable bodies.